funtastic LIMITED

February 27, 2020

Australian Securities Exchange
Rialto Tower
525 Collins Street
MELBOURNE VIC 3000

STRATEGIC UPDATE

Funtastic Limited (ASX: FUN) (**Company**) is pleased to provide the following update.

As announced at the Company's recent AGM, the Company has been undertaking a strategic review of the business. A key strategic initiative has been to review the current product portfolio and exit unprofitable products. As a result of this review, the Company will be restructured to exit the toy distribution and apparel divisions and increase its focus on product ranges offering growth potential.

In recent years the toy distribution division has weighed heavily on overheads, resource and investment and will be progressively phased down. The apparel division is not core to the Company's heritage of product sectors related to families with kids and will be divested. As a result of these changes, overheads and trading losses will be reduced and the Company will be better able to focus resources into existing product portfolios and setting the business up for future growth.

A re-focus on meeting the needs of Australian family lifestyles is at the core of the new strategy and the remaining product portfolios fit firmly within the strategic directive of growth sectors based around families with kids. These include Outdoor Lifestyle (such as Razor scooters), Family Safety and Education (such as the Moochies smart watch/phone and the Learning Resources range) and Fun Lifestyle (such as confectionery and the range of Chill Factor slushie makers).

Chairman, Bernie Brookes, commented "This restructuring is a sharpening of concentration on emerging and innovative categories and meeting the changing needs and wants of families. The personal transportation market is just getting started in Australia and holding the Razor brand allows us to take the lead in this market, both online and in-store. We have only recently started to venture into the wearables market with Moochies and early signs are encouraging. The growth of Chill Factor will be largely via international distribution and we have secured a licence for a large international drinks brand that will enable the Company to expand sales globally".

Following the rationalisation, the Company will continue to seek opportunities, both internally and externally, to grow the business within growth category sectors based around families with kids.

Bernie Brookes
Chairman
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Howard Abbey
Company Secretary & CFO
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About Funtastic Limited

Funtastic Limited (ASX: FUN) is an Australian based listed company which operates in the Toys and Plush, Tech, Apparel and Confectionery markets, principally aimed at the younger demographic market. Apart from distributing leading products throughout Australia for its key partners, Funtastic owns a number of its own products and distributes these to over 30 countries globally

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